

House Study Bill 224 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act establishing a tax relief fund and including effective
2 date and applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8.55, subsection 2, Code 2011, is amended
2 to read as follows:

3 2. a. The maximum balance of the fund is the amount equal
4 to two and one-half percent of the adjusted revenue estimate
5 for the fiscal year. If the amount of moneys in the Iowa
6 economic emergency fund is equal to the maximum balance, moneys
7 in excess of this amount shall be transferred to the ~~general~~
8 tax relief fund.

9 b. Notwithstanding paragraph "a", any moneys in excess of
10 the maximum balance in the economic emergency fund after the
11 distribution of the surplus in the general fund of the state
12 at the conclusion of each fiscal year shall not be transferred
13 to the ~~general~~ tax relief fund ~~of the state~~ but shall be
14 transferred to the senior living trust fund. The total amount
15 appropriated, reverted, or transferred, in the aggregate, under
16 this paragraph, section 8.57, subsection 2, and any other law
17 providing for an appropriation or reversion or transfer of an
18 appropriation to the credit of the senior living trust fund,
19 for all fiscal years beginning on or after July 1, 2004, shall
20 not exceed the amount specified in section 8.57, subsection 2,
21 paragraph "c".

22 Sec. 2. NEW SECTION. 8.57E Tax relief fund.

23 1. The tax relief fund is created. The fund shall be
24 separate from the general fund of the state and the balance
25 in the fund shall not be considered part of the balance of
26 the general fund of the state. The fund shall consist of
27 appropriations made to the fund and transfers of interest,
28 earnings, and moneys from other funds as provided by law. The
29 moneys credited to the fund are not subject to section 8.33 and
30 shall not be transferred, used, obligated, appropriated, or
31 otherwise encumbered except as provided in this section.

32 2. Moneys in the tax relief fund shall only be used in
33 accordance with enactments by the general assembly for purposes
34 of reducing taxes.

35 3. a. Moneys in the fund may be used for cash flow purposes

1 during a fiscal year provided that any moneys so allocated are
2 returned to the fund by the end of that fiscal year.

3 **b.** Except as provided in section 8.58, the tax relief fund
4 shall be considered a special account for the purposes of
5 section 8.53 in determining the cash position of the general
6 fund of the state for the payment of state obligations.

7 **4.** Notwithstanding section 12C.7, subsection 2, interest
8 or earnings on moneys deposited in the tax relief fund shall
9 be credited to the fund.

10 **Sec. 3.** Section 8.58, Code 2011, is amended to read as
11 follows:

12 **8.58 Exemption from automatic application.**

13 **1.** To the extent that moneys appropriated under section
14 8.57 do not result in moneys being credited to the general
15 fund under section 8.55, subsection 2, moneys appropriated
16 under section 8.57 and moneys contained in the cash reserve
17 fund, rebuild Iowa infrastructure fund, environment first
18 fund, ~~and Iowa economic emergency fund, and tax relief fund~~
19 shall not be considered in the application of any formula,
20 index, or other statutory triggering mechanism which would
21 affect appropriations, payments, or taxation rates, contrary
22 provisions of the Code notwithstanding.

23 **2.** To the extent that moneys appropriated under section
24 8.57 do not result in moneys being credited to the general fund
25 under section 8.55, subsection 2, moneys appropriated under
26 section 8.57 and moneys contained in the cash reserve fund,
27 rebuild Iowa infrastructure fund, environment first fund, ~~and~~
28 Iowa economic emergency fund, and tax relief fund shall not be
29 considered by an arbitrator or in negotiations under chapter
30 20.

31 **Sec. 4. TAX RELIEF FUND — LEGISLATIVE INTENT.** It is the
32 intent of the general assembly to enact appropriations from
33 the tax relief fund created by this Act pursuant to tax relief
34 legislation which shall be proposed by the standing committees
35 on ways and means of the senate and house of representatives.

1 Sec. 5. EFFECTIVE DATE AND APPLICABILITY.

2 1. This Act, being deemed of immediate importance, takes
3 effect upon enactment.

4 2. The section of this Act amending section 8.55 by
5 providing for transfer of moneys from the Iowa economic
6 emergency fund to the tax relief fund instead of the general
7 fund of the state applies to transfers made from the Iowa
8 economic emergency fund after the effective date of this
9 division and the state general fund expenditure limitation
10 calculated for the fiscal year beginning July 1, 2011, shall
11 be adjusted accordingly.

| 12 | EXPLANATION |
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13 This bill creates the tax relief fund in new Code section
14 8.57E. The fund consists of transfers from other funds as
15 provided in the bill and other appropriations made to the fund
16 and transfers of interest, earnings, and moneys from other
17 funds as provided by law. The fund is to be used to make
18 appropriations providing tax relief. Legislative intent is
19 provided to enact appropriations for purposes of tax relief
20 pursuant to recommendations made by the general assembly's
21 standing committees on ways and means.

22 Code section 8.55 is amended to provide that when the Iowa
23 economic emergency fund achieves its maximum balance the excess
24 funds are transferred to the tax relief fund instead of the
25 general fund of the state.

26 Code section 8.58, exempting the balances in existing
27 reserve funds from being considered in the application of any
28 formula, index, or other statutory triggering mechanism which
29 would affect appropriations, payments, or taxation rates, and
30 by an arbitrator or collective bargaining negotiation under
31 Code chapter 20, is amended by adding the new tax relief fund
32 to the list.

33 The bill takes effect upon enactment, applies to transfers
34 made from the Iowa economic emergency fund to the tax relief
35 fund instead of the general fund on or after the effective

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1 date, and requires the effect of such transfers to be reflected
2 by adjusting the state general fund expenditure limitation
3 calculated for fiscal year 2011-2012 accordingly.